SHRI T.N. CHATURVEDI: For a long time the hon. Member has been a Member of this House. *(Interruptions)*

श्री सी0 एम0 इब्राहीम : चतुर्वेदी जी आप तो चतुर्वेदी हैं । (**व्यवधान**) एक किसान वेद भी है । (**व्यवधान**)

श्री टी0 एन0 चतुर्वेदी : आप इसमें पार्टी पोलिटिक्स मत लाइये । (**व्यवधान**)

श्री सी0 एम0 इब्राहीम : इसमें कोई पार्टी पोलिटिक्स नहीं है ।..(**व्यवधान**)

MR. CHAIRMAN : Please sit down . . . You give notice for a Half-an-Hour Discussion .... *(Interruptions)* . . We will allow it.

SHRI C. M. IBRAHIM : Thank you, Sir.....*(Interruptions)* . . . Now, next question.

Subsidiaries for Loss **Making Units of SAIL**

*404. SHRI ABANI ROY : Will the Minister of STEEL be pleased to state:

(a) whether SAIL propose to flor separate subsidiaries for its loss making units before hiving them off;

(b) if so, whether a panel has been set up for the purpose;

(c) if so, the time by which panel will submit its report to Government; and

(d) what other steps would be taken to check losses of units of SAIL?

THE MINISTER OF STATE OF THE MINISTRY OF STEEL (SHRI DILIP RAY) :(a) to (d) A Statement is laid on the table of the House.

STATEMENT

(a) As part of its restructuring programme, Steel Authority of India Limited (SAIL) has identified certain units for conversion into joint ventures/subsidiaries.

(b) and (c) No panel has been set up for the purpose.

(d) Other steps taken by SAIL to check losses include financial restructuring, rightsizing of the organisation, reduction in operating costs, change in market strategy and reprioritising of capital expenditure.

SHRI ABANI ROY : Sir, the hon. Minister in part (d) of his answer made a mention of financial restructuring, rightsizing, etc. Sir, for the last few years the units of SAIL have been suffering losses worth crores of rupees. The Government has not taken any effective steps to check these losses. The factors responsible for these losses have not been investigated till now. Now he has said categorically that by reducing the operating cost he is going to restructure it. I would like to know whether he is going to do it by reducing the overriding operational cost or by rightsizing the labour force or by reducing the overburdened of the administrative expenditure.

SHRI DILIP RAY : Sir, this is regarding those eight units the SAIL which are getting hived off. Before answering this question, I would like to go into the background of the Steel Authority of India and justifying why we are going to hive off these eight units of the SAIL. Sir, the SAIL is a Navaratna PSU. It is the tenth largest steel manufacturer in the world and is one of the largest PSUs in India. It had been making profit since 1984. Unfortunately, from 1998-99 it made a loss of Rs. 1574 crores and in 1999-2000 again it made a loss of Rs. 2000 crores approximately. The reason for this is mainly the economic slowdown all over the world. It was not only peculier to India. The price of steel went down throughout the world. There was an increasing cost of inputs like railway freight, power and coal. And, particularly in the SAIL, Sir, we took up modernisation of Rourkela, Bokaro and Durgapur Steel Plants costing about Rs. 12,000 crores. We had a huge interest burden of Rs. 2017 crores just for a year, that is, 1998-99 and we had high depreciation cost of Rs. 1104 crores. Sir, the expenditure on wages, social infrastructure and large manpower was the main reason for the losses of the SAIL. Sir, the hon. Member is aware of the financial restructuring which took place and along with that business restructuring also came about. The Government viewed this situation of losses very seriously. We did not want one of the biggest and the best PSUs to become referable to BIFR because it had come to that stage. We wanted to protect the rights of the workers also. So, we took up the largest rehabilitation and restructuring package for the SAIL. Now, in this a loan of Rs. 5450 crores was waived off and a guarantee of Rs. 3000 crores was given for VRS and other payment obligations. Sir, this hiving off of these units is a part of the business restructuring programme because the Mc Kenzie Report said that we should concentrate on core strength, that is carbon steel making only and not on anything else. That is why we decided to hive off some of the units of the SAIL.

SHRI ABANI ROY : My second supplementary is, on 3rd paragraph of Statesman dated 29th Feb. 2000. I had raised a question and you had mentioned in your reply that the SAIL had identified four areas for disinvestment in the next financial year i.e. 2000-2001, including ISCO, Salem Steel Plant, Captive Power Plants, Rourkela, Durgapur, Bokaro and the Oxygen Plant in Bhilai. Also, in 2001-2002, the disinvestments of Alloy Steel Plant at Durgapur, Fertilizer Plant at Rourkela and the VISL would be taken up. Now, on this will you please bring out a White paper clearing all stands that you have taken with regard to disinvestment?

SHRI DILIP RAY : We are working on the White Paper. We are working on it for all the eight units. They are not five units but they are eight units. We are working on it. We have issued advertisements for different things.

SHRI JIBON ROY : The question is whether you will bring out a White Paper.

SHRI DILIP RAY : I am coming to that. I do not think that a White Paper is required. *(Interruptions)*...

SHRI ABANI ROY : My request to the Minister through you is, if it is not possible to bring out a White Paper, At least, Mr. Chairman, Sir, as reply is not satisfactory let there be a Half-an-Hour discussion on the steel industry.

MR. CHAIRMAN : That is a different thing.

SHRI VAYALAR RAVI: Sir, the hon. Minister was a little vague in his reply. Two things emerge out of it. The first one is, as he rightly said, the waiver of Rs. 5,000 crores loan and making available of Rs. 3,000 crores package for VRS and other things. Simultaneouly, are you proposing to disinvest or throw away all the subsidiary units, including the ISCO. Negotiations are going on with some foreign buyers with regard to sale of ISCO ? My point is, after clearing the decks and after clearing the loan, make it more viable; then think of selling these plants, including ISCO. The hon. Minister comes from Rourkela. There also, the WESCO disconnected the power connection and a calamity has been avoided because of the captive plant. Now, you are also proposing to sell the captive plant the Rourkela Steel Plant! may I know from the hon. Minister the whole purpose of waiving of loan and making available a package of Rs. 3000 crores for VRS is to retain it in the public sector or whether there is any proposal to disinvest all subsidiaries one by one. What is your intention and tell me what are you going to do? Are you going to keep them with you or not?

SHRI DILIP RAY : As I said SAIL want to concentrate on the core sector. These are not the core sectors. Power Plant is not our business. So, we decided that this should be hived off.

SHRI VAYALAR RAVI: Why ? Sir, Rourkela Plant is running on power consumption and WESCO disconnected your electricity supply to that company; then, you want to sell it away.

SHRI DILIP RAY : We are also negotiating with another public sector undertaking, NTPC, to give it to them, to run this power plant.

SHRI VAYALAR RAVI : He has not answered my question *...(Interruptions)...* Power is a raw material, how can we sell it ? Power is a raw material; you are selling the raw material. What is it that you are doing ?

SHRI S. VIDUTHALAI VIRUMBI: Sir, as far as the Salem Steel Plant is concerned, the workers and the Government of Tamil Nadu had requested the Central Government to retain the public sector status as it is. In this connection, the Minister himself has agreed that they would look after the welfare of the labourers also. Therefore, what I want to know is, the welfare of the labourers cannot be decided by the Government unilaterally without addressing the grievances of the labourers. Without the Government having an interaction with the labourers, they cannot come to any conclusion about the welfare of the labour. What I want to know from the hon. Minister is, before taking any final decision on this, whether they would call the labour union leaders also to have an interaction with them to see that the welfare of the labourers is not affected in any way. Would they do that ?

SHRI DILIP RAY : Sir, I must explain the background to this. The total strength of the SAIL employees is, 1,74,736. The International Standard is 1-3 persons per tonne steel produced. In the case of SAIL, we are employing 15 per tonne of steel while Japan is at the lowest with one company at 0.8 persons per tonne. So, if you go by international standards, we should bring it down to somewhere about 50,000-60,000 from 1,74,000. So, as far as the protection of the interests of the workers is concerned, the Government is very clear about it. This has been discussed in the Cabinet, and the Government has given categorical directions that the existing jobs should be protected in all the restructuring attempts. The jobs of the present employees will continue. The pay and other benefits in the new companies will remain the same. There

श्री जीवन राय : सर, सिविल एविएशन मिनिस्टर ने कम से कम हिम्मत तो दिखाई है कि एअर इंडिया में 25 परसेंट से ज्यादा डिसइन्वेस्टमेंट नहीं करने देंगे मैं विश्वास करता हूं कि आप भी कुछ हिम्मत दिखायेंगे । However, my question is different. According to the Mekenzie Report, as I understood from a newspaper report, you are going to hive off three major plants, going in for joint venture, or, totally hiving them off, and hiving off some of the power plants. I oppose it. So, my question is whether you are going to sell them on the basis of the capital you employed, or, on the basis of current asset valuation. That is most important. Therefore, Sir, the steel plant, where I was working—one million tonne plant—was made at a cost of Rs. 100 crores. For its expansion to 1.8 million tonnes, they have spent Rs. 7,000 crores. So, I would like to know whether you are hiving them off on the basis of current asset evaluation, or, on the basis of the capital you employed. So far as IISCO is concerned, IISCO's subsidiary is the Manohar Mines or the Chiria Mines. These are Asia's biggest mines. One can upgrade and modernise those mines. So, when you have decided to hive off IISCO. I would like to know whether you have taken the entire cost of the mine and the plant, the present asset value, into consideration; so also in the case of the Salem Steel Plant. That is my question.

SHRI DILIP RAY : Sir, like in the case of most of the units, which we are going to hive off, we have got the book value of this plant. *{Interruption*)*

SHRI JIBON RAY : Book value! *{Interruptions)*

SHRI DILIP RAY : Let me complete. *(Interruptions)* I don't know why are they getting excited. We have got the book value of that, but a Financial Adviser is working out the market value. *{Interruptions)*

SHRI JIBON RAY : No. What is the basis ? *{Interruptions)* Is it the current asset value or the book value ? That is an important things *{Interruptions)*

SHRI DILIP RAY : It will be on the market value, Sir. *{Interruptions)*

SHRI DIPANKAR MUKHERJEE : It is re-evaluated cost. I know how to re-evaluate. Assets have to be re-evaluated. Have you re-evaluated the assets" *{Interruptions)*

SHRI JIBON RAY : Did you re-evaluate the assets ? *(Interruptions)* Sir, we want a Calling Attention on that. *(Interruptions)*

SHRI DIPANKAR MUKHERJEE : Have you re-evaluated the assets ? *(Interruptions)*

SHRI JIBON RAY : Sir, we want a Calling Attention on that. *(Interruptions)* That means, you are disposing of the entire nation. *(Interruptions)*

SHRI DILIP RAY : Sir, we have got Mckenzie and IDBI as the consultants and for power plants and ..... *(Interruptions)* We have got SBI Caps and DKB.., *(Interruptions)*

SHRI JIBON RAY : No, no. What is the asset value ? *(Interruptions)* Sir, we want a detailed discussion on this. They are disposing of the entire country.

SHRI DILIP RAY : Sir, the evaluation process is going on. *(Interruptions)*

SHRI JIBON RAY : No, no. whether evaluation of assets was done or not... *(Interruptions)* Sir, we want a Calling Attention Motion on this. The Ministry says that no evaluation of the assets has been done. *(Interruptions)*

SHRI DILIP RAY : No. That has been done, but... *(Interruptions)* Not on market value. *(Interruptions)*

SHRI JIBON RAY : No, evaluation of the assets has been done. *(Interruptions)*

MR. CHAIRMAN : Question Hour is over.

WRITTEN ANSWERS TO STARRED QUESTIONS

Misuse of Aircrafts owned by SAIL

†*402. SHRI SHIBU SOREN : Will the Minister of STEEL be pleased to state :

(a) whether his attention has been drawn to the gross misuse of the aircrafts owned by the Steel Authority of India Limited;

(b) if so, the details regarding the misuse of these aircrafts;

(c) the action taken/being taken against the higher authorities found guilty in this regard;

(c) the details of aircraft of the Bokaro Steel Plant which met an accident on its own air-strip in the last few days; and

(e) the extent of loss suffered by the aircraft due to this accident ?

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†Original notice of the question was received in Hindi.